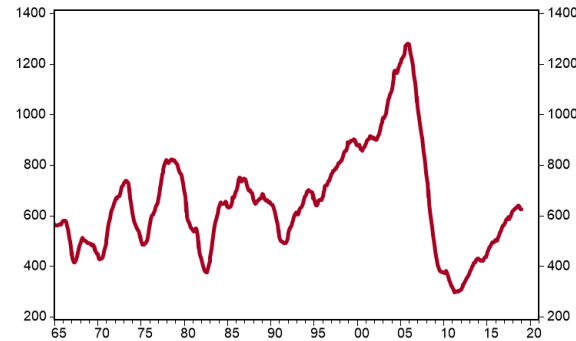


# February New Home Sales

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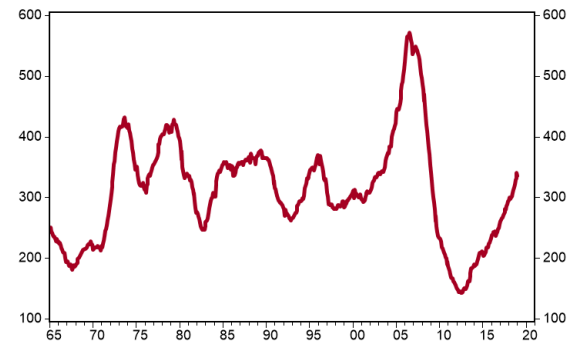
- New single-family home sales increased 4.9% in February to a 667,000 annual rate, easily beating the consensus expected 620,000. Sales are up 0.6% from a year ago.
- Sales rose in the Midwest, Northeast, and South, but remained unchanged in the West.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) fell to 6.1 months in February from 6.5 months in January. The drop was due to both the faster pace of sales and a decline in inventories of 2,000 units.
- The median price of new homes sold was \$315,300 in February, down 3.6% from a year ago. The average price of new homes sold was \$379,600, up 1.6% versus last year.

**New 1-Family Houses Sold: United States**  
 12-month Moving Average SAAR, Thous



Source: Census Bureau/Haver Analytics

**New 1-Family Houses For Sale: United States**  
 EOP, SA, Thous



Source: Census Bureau/Haver Analytics

**Implications:** New home sales surprised to the upside in February, rising to the fastest pace in nearly a year. February also saw big revisions to prior months, with December's blowout number being revised down and January's disappointing number being revised up, probably the result of finally ironing-out data-related issues due to the partial government shutdown. Overall, the fundamental story remains the same: Sales have been on a general upward trend since October, a significant reversal after the slowdown we saw through most of 2018. Notably, the South (which represents the largest portion of overall sales) hit the fastest sales pace since 2007 in February and is the only region to show growth in the past year. It's starting to look like many of the fears about a housing market slowdown may have been premature. Affordability looks to be playing a big role in the recent rebound. Median prices have now fallen on a year-over-year basis for the past four months. Further, mortgage rates, after peaking in November, have been falling rapidly and are now at the lowest level since January 2018. Finally, the job market continues to strengthen, and wages are growing at the fastest pace since the great recession, which should underpin demand going forward. We also continue to believe the fundamentals should support growth over the medium to long term as well. Relative to population, the number of new home sales remains well below where it should be. Using the ratio of sales to the US population from 1995 for example - well before the beginning of the housing bubble - shows new home sales should be at a pace of around 820,000 units annualized. So even a partial climb back to demographic averages bodes well for sales over the coming years. Bottom line, we expect sales in 2019 to outpace 2018 and continue the upward trend. In other news this morning, the Chicago PMI, a measure of Midwest manufacturing sentiment, fell to 58.7 March from 64.7 in February. Look for a slight uptick in the national ISM Manufacturing index, which will be reported Monday. In spite of the naysayers, the US is nowhere close to a recession.

New Home Sales	Feb-19		Jan-19	Dec-18	3-mo	6-mo	Yr to Yr
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	<b>4.9%</b>	<b>667</b>	636	588	630	611	0.6
<b>Northeast</b>	<b>26.9%</b>	<b>33</b>	26	30	30	28	-28.3
<b>Midwest</b>	<b>28.3%</b>	<b>77</b>	60	63	67	70	-3.8
<b>South</b>	<b>1.8%</b>	<b>391</b>	384	363	379	359	6.8
<b>West</b>	<b>0.0%</b>	<b>166</b>	166	132	155	154	-2.9
<b>Median Sales Price (\$, NSA)</b>	<b>3.8%</b>	<b>315,300</b>	303,900	322,800	314,000	317,850	-3.6
		<b>Feb-19</b>	<b>Jan-19</b>	<b>Dec-18</b>	<b>3-mo Avg</b>	<b>6-mo Avg</b>	<b>12-mo Avg</b>
<b>Months' Supply at Current Sales Rate (Levels)</b>		<b>6.1</b>	6.5	7.0	6.5	6.6	6.2

Source: Bureau of the Census